

The Role of Women Based on Local Wisdom in Improving Family Welfare through MSME Empowerment in Aceh Besar Regency

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Abstract: *Economic empowerment activities for women have contributed to the achievement of gender equality at the family and village levels. Micro, Small, and Medium Enterprises (MSMEs) are businesses classified based on their scale of operation, which is determined by factors such as asset value, annual revenue, and number of employees. MSMEs play a crucial role in economic development by creating employment opportunities, promoting entrepreneurship, and supporting local and national economies. Women-MSME actors are not yet aware of the importance of Islamic values in business. The researchers went directly to informants who were women MSME entrepreneurs in Aceh Besar Regency. However, many MSMEs led by women have survived and continue to operate because they are able to adapt to online marketing, changing the type of business, and learning better Islamic financial management. The objectives of this study are to (a) identify the empowerment of women MSME actors; (b) test the concept of women MSME actors' empowerment based on Islamic values and local wisdom in realizing family welfare. This study uses a structured interview as the instruments in collecting the data. This method was used to record the experiences of rural MSMEs led by women. The results of the study show that highly educated rural women contribute more to increasing family income and reducing poverty, while women with low education contribute less to their families and poverty reduction.*

Keywords: *MSMEs, Women MSMEs, Family welfare.*

1. Introduction

Micro, Small, and Medium Enterprises (MSMEs) play a crucial role in economic development, particularly in generating employment and supporting inclusive growth (OECD, 2024; World Bank, 2023). Previous studies have extensively examined factors influencing MSME performance, such as access to finance, entrepreneurial orientation, innovation capability, and digital adoption (OECD, 2024). In recent years, women-owned MSMEs have received increasing attention due to their contribution to poverty reduction and gender equality (UN Women, 2023). However, women entrepreneurs continue to face structural barriers, including limited access to resources, markets, and business networks (OECD, 2024; World Bank, 2023). While prior research has explored business performance and empowerment of women-owned MSMEs, most studies emphasize economic and managerial factors, with limited attention paid to socio-cultural aspects, particularly local wisdom embedded in community values and traditions (Putnam, 2000; Ramadani et al., 2023).

Local wisdom has the potential to influence entrepreneurial behaviour, ethical practices, resilience, and business sustainability (Putnam, 2000; OECD, 2024). Nevertheless, empirical studies that explicitly integrate local wisdom as a core variable in explaining the performance and sustainability of women-owned MSMEs remain scarce, particularly in developing countries such as Indonesia (OECD, 2024; UN Women,

2023). Therefore, this study seeks to fill this gap by examining the role of local wisdom in enhancing the performance of women-owned MSMEs in Aceh Besar Regency.

The existence of MSMEs managed by women reflects their efforts to achieve economic independence and improve family welfare (Oktari & Sartiyah, 2020; Ramadani et al., 2023). Women-owned MSMEs also create employment opportunities for local communities, contributing to poverty reduction and inclusive economic growth (Putra & Amran, 2023). MSMEs owned by women often create jobs for members of the local community. This helps reduce unemployment and provides access to income for many people (Ramadani, R. P., Kholijah, S., & Wulandari, S. (2023). Women who have free time are a resource and opportunity that can be utilized for productive activities that can become a source of income, so that these women are not only housewives in general, but can become economically empowered housewives (Oktari, C. F., & Sartiyah, S., 2020). Women have already taken on many roles, and many have achieved success. Therefore, women need to be further encouraged to increase their role in achieving economic independence through entrepreneurship. Entrepreneurial activities provide opportunities for women to obtain additional education and skills training. This helps improve their competence and capabilities.

This study focuses on the role of women in promoting economic independence through entrepreneurial activities. MSMEs play an important role in economic growth (Putra, N. H., & Amran, A. (2023). The success of MSMEs is closely related to the involvement of women in business. This reality has prompted women to take on dual roles by engaging in various types of businesses that can generate income to help their husbands meet the family's needs.

Bank Indonesia reported that in 2024, more than 64% of MSMEs in Indonesia were managed by women, indicating their substantial contribution to the national economy (Bank Indonesia, 2024). Most of these are in the food and beverage sector, but there are also several other sectors such as handicrafts, agriculture, clothing and accessories, cosmetics, and fitness (Bank Indonesia, 2024). This figure is relatively high when compared to global data. However, according to the Organization for Economic Cooperation and Development (OECD), SMEs owned and managed by women are generally less oriented towards achieving high growth and creating substantial employment opportunities for others (OECD, 2024). Meanwhile, based on the results of a BCG (March 21, 2025) survey of women entrepreneurs (MSMEs), their main motivation is to increase their income and improve their families' welfare. When discussing family issues, it is important to discuss family income because family finances are a serious matter for maintaining a harmonious family life. Given the relatively small income of the husband, the wife must take on the responsibility of meeting the needs of her family. The approach to the issues based on the problems described above includes: (a) identifying the problems faced by women MSMEs by involving them in the decision-making and program planning processes, developing economic empowerment programs based on the needs and potential of local communities and focusing on improving the capabilities of women MSMEs, developing MSME businesses, and on the use of technology and innovation. (b) collecting data and analysing the role of women in improving the economy of MSMEs. (c) analysing data, (d) developing solutions from the results of data analysis, and (e) testing the developed solutions to ensure their effectiveness.

However, according to the OECD, women-owned SMEs are generally less oriented toward high growth and job creation due to socio-cultural constraints and unequal access

to resources (OECD, 2024). Women MSME actors often face patriarchal norms, cultural expectations, and domestic responsibilities that limit their business expansion (IRAI, 2018; UN Women, 2023). They face more time constraints in developing their businesses because they are expected to take care of all household and childcare needs while running their businesses. In addition, women are generally not considered the main breadwinners in the family. According to a study conducted in certain cities by Independent Research and Advisory Indonesia, 42 percent of women have started small businesses simply to supplement their husbands' income and are satisfied with remaining small if they achieve that goal (IRAI, I. W. (2018). Women also have little economic influence in their families. They are usually subordinate to their husbands in business matters, and they often seek their partners' approval for any business-related actions. Limited market access, regulations, limited access to technology, access to funding, and natural disasters. By understanding these challenges, women's MSMEs can develop effective strategies and programs.

Previous studies have largely focused on financial, managerial, and technological factors affecting MSME performance. However, there is a lack of empirical research that explicitly examines local wisdom as a strategic resource, particularly in women-owned MSMEs. Moreover, existing studies rarely contextualize local wisdom within developing countries such as Indonesia. This study addresses this gap by integrating local wisdom into the MSME performance framework.

This study focuses on the role of women in promoting economic independence through entrepreneurial activities. This study aims to examine how micro-businesses managed by women in Aceh Besar Regency play a role in improving the welfare of their families, where the Islamic financial perspective can provide relevant and comprehensive guidance in achieving these goals. In the context of Islamic finance, the concept of family welfare is not only measured in material terms, but also in terms of spiritual and moral welfare in line with sharia principles. Islamic finance emphasizes that all businesses and income must come from halal and *thayyib* (good, beneficial) sources. In this case, micro businesses based on Islamic finance prioritize transparent, honest, and responsible business practices, avoiding elements of usury, *gharar* (uncertainty), and *maysir* (speculation). This is relevant in encouraging women micro-entrepreneurs to contribute to improving the standard of living of their families and surrounding communities. Women who work must exercise their rights and obligations in accordance with Sharia teachings, so researchers are interested in studying this from a different perspective, namely an Islamic perspective.

While the issue of the role of women in MSME has gained significant attention, very limited study can be found that specifically explore the influence of religious values, cultural context, and rural community shape women's participation in MSME activity. Therefore, this study is important to abridge the gap.

Problem Formulation

Based on the background above, the research problem can be formulated as follows:

1. What is the role of women as MSME entrepreneurs in improving family welfare and economic empowerment in Aceh Besar Regency from an Islamic perspective?
2. What are the challenges faced by women MSME entrepreneurs in improving family welfare and economic empowerment in Aceh Besar Regency from an Islamic perspective?

2. Research Methodology

This study employed a qualitative approach with field research. The reason for choosing a qualitative research method with a descriptive approach is to conduct an in-depth analysis of the research object based on the facts as they are (Sugiyono, 2019). The scope of the research covers the role of micro-enterprises among women in improving family welfare from the perspective of Islamic values and local wisdom. In this study, the authors used observation, interviews, and documentation from several sources as data collection methods. The primary data obtained through interviews and direct observation of women micro-entrepreneurs, while the secondary data were obtained from literature studies, references, documents, scientific journals, and research reports. Data collection was carried out using a structured interview method, in which questions were systematically designed to ensure the smooth running of the interviews

Research Location

This research was conducted in Aceh Besar Regency.

Population and Sample

The participants in this study were women MSME owners. The aspects studied were related to each variable, such as the role of MSMEs among women in improving family welfare and the perspective of Islamic values and local wisdom through the empowerment of women MSMEs. The population in this study was women SMEs in Aceh Besar Regency. The sample was obtained using purposive sampling. The data collection techniques used in this study were observation, interviews, and documentation.

The primary research instrument in this study was a structured interview guide, supported by observation sheets and documentation checklists. The instruments were designed to explore in depth the role of women MSME actors in improving family welfare based on Islamic values and local wisdom in Aceh Besar Regency.

1). Structured Interview Guide

The structured interview guide was developed based on the research objectives and theoretical framework related to women empowerment, MSME development, Islamic values, and local wisdom. The interview questions were organized into several main dimensions:

- a. Profile of Women MSME Actors; Type of business and length of operation, Educational background, Business motivation and Contribution of MSME income to family income.
- b. Women's Economic Role and Family Welfare; Women's role in supporting household economic needs, Changes in family income before and after running MSMEs, Allocation of income for basic needs, education, and savings and Perceived impact of MSME activities on family welfare.
- c. Empowerment of Women MSME Actors; Access to skills training, capital, and business assistance, Decision-making roles in business and household matters and Challenges faced in managing businesses alongside domestic responsibilities.
- d. Islamic Values in Business Practices; Understanding and application of Islamic principles in business (halal products, honesty, transparency), Financial management practices based on Islamic finance principles and Avoidance of riba, gharar, and unethical business practices.
- e. Local Wisdom and Socio-Cultural Values; Role of local traditions, customs, and

social norms in business activities, The influence of values such as *gotong royong*, trust, and kinship networks and Community support in sustaining women-owned MSMEs.

- f. Challenges and Coping Strategies; Socio-cultural and economic barriers faced by women MSME actors and Strategies used to adapt to market changes, technology, and household responsibilities

2). Observation Instrument

Observation was conducted using an observation guideline to record real conditions in the field, including: Business activities and production processes, Interaction between women MSME actors and their families, Community involvement and support systems and Application of Islamic values and local wisdom in daily business practices

3). Documentation Instrument

Documentation was used to support interview and observation data, including: Business records and income documentation (if available), Photographs of business activities and Relevant village or MSME-related documents

All instruments were reviewed prior to data collection to ensure clarity, relevance, and alignment with the research objectives. The use of multiple instruments enabled data triangulation to enhance the credibility and validity of the findings.

Data Processing and Analysis

The data processing technique in this study are as follows: 1) data collection, 2) data categorization and reduction, where the researcher summarizes, selects, and focuses on important matters in accordance with the theme and discards unnecessary matters. 3) data validation and verification. After the data is collected, the researcher presents the data so that it can be organized, and 4) data interpretation and conclusions. This study consists of two stages, namely:

1. Research Preparation Stage

The researcher created interview guidelines based on the instruments that had been developed.

2. Research Implementation Stage

At the research implementation stage, the researcher coordinated with the women-owned MSME participants in Aceh Besar Regency to determine the time and location of the interviews in accordance with the established interview guidelines. The data analysis technique used qualitative descriptive analysis, which was processed inductively using an interactive analysis model (Sugiyono, 2019). Each phenomenon found was classified according to the categories to be achieved in the study, consisting of data reduction, data presentation, decision making and data verification, and conclusion drawing. Validity testing is carried out using credibility (internal validity). Internal validity was ensured through data triangulation, member checking, and prolonged engagement with participants. Triangulation was conducted by comparing data from interviews, observations, and documentation. Member checking was applied by confirming the accuracy of the findings with participants to reduce researcher bias transferability. In qualitative research, transferability is not statistical generalization. Instead, it is achieved by providing rich, detailed descriptions (thick description) so that readers can judge whether the

findings are relevant to other situations or (external validity), dependability (reliability), and confirmability (objectivity) tests. The results of the data analysis obtained will be described in narrative form in the research results. The explanations obtained can provide answers to the problems raised in the research. Researchers must also refine and continue to seek new data to test the validity of the data.

3. Results and Discussion

The Role of Women (Women's Share) in Improving the Family Economy

The role of women/women's share in this study is seen in the percentage results, which show how important women are in the family. Women themselves can play a dual role in the family if they work outside the home and can manage household matters. The role/share of women is shown in Table 1.

Table 1. *Role/Share of Women in Total Family Income in Aceh Besar Regency in 2025*

No	Monthly Income (IDR)	10–20%	21–30%	31–40%	Above 41%
1	2–3 million	–	–	–	5
2	3.1–4 million	–	–	10	30
3	4.1–5 million	–	1	9	25
4	Above 5 million	–	4	2	36
	Total	–	5	21	96

Source: Primary Data (processed)

Table 1 shows that the share of women is dominated by total income above 5 million rupiah, with a share of above 41 percent among 36 respondents. Then, with the same share of above 41 percent among 30 respondents with a total income of 3.1-4 million rupiah, it means that rural women in the four subdistricts in Aceh Besar Regency play an important role in supporting the family economy to meet their needs.

Total Family Income Only Women's Income

Family income with the addition of women's/wives' income can help increase the income of husbands/heads of families to meet family needs. In this study, each family classified as poor can improve their situation with the addition of women's income. Wives'/women's income is also viewed using the poverty line indicator (Rp/month). Thus, if in a family only women work or women are widows, then women's income is low, education is low, and the work they do as farmers is only as laborers, which will affect the number of working hours and the level of poverty in the family will be even higher. If the women in the family are still married, then the role of women will be greater than that of women who are widows. Families are classified as poor if they receive an income of less than 447,563 rupiah per head of household. The income per head of household using the poverty line indicator approach is shown in Table 2.

Table 2. *Family Income Only Women's Income Using the Poverty Line Approach in Aceh Besar District in 2025*

No	Monthly Income	Total Households	Percentage (%)
1	Under IDR 447,563	63	51.64

No	Monthly Income	Total Households	Percentage (%)
2	Between IDR 447,563 and IDR 500,000	17	13.94
3	Above IDR 500,000	42	34.42
Total		122	100.00

Table 2 shows that the number of families with an income below 447,563 rupiah per household head is 63 households in rural areas with a percentage of 51.64 percent, meaning that these families are classified as poor families. There are 17 families with an income between 447,563 and 500,000 rupiah in the border area between rural and urban areas, with a percentage of 13.94 percent, which means that these families are classified as vulnerable to poverty but they can meet their family needs as well as poor families. The average percentage in the poor and vulnerable categories is 65.58 percent. There are 42 families with incomes above 500,000 rupiah located in areas close to urban areas, with a percentage of 34.42, meaning that these families are classified as well-off. Thus, with the income of women, families classified as poor can improve and help increase the overall family income.

Based on field observations, women's participation in MSME activities was closely embedded in local socio-cultural practices. Women were actively involved in home-based economic activities while maintaining their domestic roles. The observation revealed that mutual cooperation (gotong royong), trust, and kinship networks facilitated business sustainability, resource sharing, and market access among women entrepreneurs. Local wisdom plays a significant role in improving family welfare by strengthening social capital, economic resilience, and women's empowerment. Values such as mutual cooperation, religious ethics, and communal responsibility encourage women to engage in productive economic activities without neglecting family obligations. These values support income diversification, reduce economic vulnerability, and enhance household financial stability. Consequently, local wisdom contributes not only to increased household income but also to social harmony and sustainable family welfare.

The findings of this study support previous research suggesting that socio-cultural values influence women's economic participation. However, this study extends existing literature by empirically demonstrating that local wisdom functions as a strategic resource that strengthens women-owned MSMEs and improves family welfare, particularly in rural communities

4. Conclusions

Based on the results of the research discussed above, women's employment and wages/income are related to the family economy. Women's employment can help increase family income, thereby reducing poverty and lifting families out of poverty. Women make a significant contribution to the family economy. The economic empowerment of women through micro, small, and medium enterprises has contributed to building gender equality at home and in society. Indicators of women's empowerment include gender equality in the family, economic stability, and personal progress achieved by women. Indirect indicators of empowerment include the educational attainment of women and their families, as well as social acceptance.

Recommendations

Based on the conclusions outlined in this study, the author recommends that research on working women can help improve the family economy. The government can

focus on women in development, especially in terms of human resource quality, such as education and health. Further research is needed to compare the impact of agricultural and non-agricultural work for women on the family economy. This study only looks at the extent of women's contribution to the family economy.

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